

Message Text

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ACTION EA-09

INFO OCT-01 AF-08 ISO-00 ACDA-07 CIAE-00 DODE-00 PM-04

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BIB-01 H-02 PA-01 PRS-01 SP-02 SS-15 SAJ-01 /099 W

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R 250833Z AUG 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 1827

INFO AMEMBASSY NAIROBI

AMCONSUL HONG KONG

USLO PEKING

C O N F I D E N T I A L TOKYO 12821

E. O. 11652: GDS

TAGS: INTELSTAT, ETEL, PORC, JA, TW, CH

SUBJ: INTELSTAT -- CHIREP

REFS: A) STATE 208963, B) STATE 202237, C) TOKYO 12494, D) TOKYO

12231

1. EMBOFF MET WITH MINISTRY OF POSTS AND TELECOMMUNICATIONS (MPT) AND KDD (JAPAN'S AUTHORIZED INTERNATIONAL TELECOMMUNICATIONS CARRIER) OFFICIALS ON AUG 24. MPT COUNSELOR HIDAKA STRESSED HIS HOPE THAT TS. WOULD TAKE INITIATIVE IN COUNTERING ANY MOVE AT NAIROBI TO DENY TAIWAN ACCESS TO INTELSTAT. HIDAKA TOLD EMBOFF THAT MPT IS NOW CONVINCED PRC INTENDS TO PRESS ISSUE OF DENYING ACCESS, ALTHOUGH HE HAS NO SOLID EVIDENCE TO BACK UP THAT POSITION.

2. HIDAKA DREW ATTENTION TO SEVERAL PROBLEMS WHICH COMPLICATE JAPAN'S POSITION ON QUESTION OF ACCESS. FIRST, ALTHOUGH MUCH-PUBLICIZED JAPAN-PRC OVERSEAS CABLE WAS COMPLETED IN JULY 1976, CHINESE HAVE SHOWN NO INTEREST IN COMMENCING SERVICE. EXCEPT FOR ONE INSTANCE, JAPANESE EFFORTS TO ESTABLISH A DATE FOR INAUGURAL CEREMONY HAVE BEEN IGNORED; THIS WAS IN JULY IN PEKING WHEN CHINESE TELECOMMUNICATIONS OFFICIAL COMMENTED IN RESPONSE TO AN INQUIRY BY JAPANESE

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CATIONS OFFICIAL COMMENTED IN RESPONSE TO AN INQUIRY BY JAPANESE

EMBASSY OFFICER THAT INAUGURATION OF CABLE SYSTEM WAEILINKED TO AN IMPORTANT AND RELATED ISSUE WHICH MUST BE RESOLVED BY THE CHINESE AND JAPANESE IN SEPTEMBER. HIDAKA TOLD EMBOFF ON AUG 25 THAT HE IS CERTAIN CHINESE WERE MAKING REFERENCE TO JAPAN'S POSITION ON INTEL-SAT QUESTION, AND THAT CHINESE ARE USING THE CABLE, WHICH HAS ONLY NINE OUT OF TOTAL 480 VOICE-GRADE CIRCUITS SUBSCRIBED AT PRESENT, AS LEVERAGE ON JAPAN'S HANDLING OF TAIWAN ACCESS PROBLEM. ON A LIGHTER SIDE, MPT IS HOLDING BACK MILLIONS OF COMMEMORATIVE POSTAGE STAMPS WHICH MAY BE WORTHLESS IF CABLE DOES NOT GO INTO SERVICE IN 1976.

3. A MORE SERIOUS PROBLEM IS KDD'S PROJECTED \$20 MILLION ANNUAL REVENUE LOSS SHOULD INTEL-SAT SERVICE TO TAIWAN BE CUT. ACCORDING TO HIDAKA, TRAFFIC VOLUME BETWEEN JAPAN AND TAIWAN RANKS THIRD AFTER U.A.-JAPAN AND KOREA-JAPAN TRAFFIC. HIDAKA ESTIMATES KDD'S TRAFFIC VOLUME TO TAIWAN IS TEN TIMES THAT TO PRC. SHOULD INTEL-SAT LINK TO TAIWAN BE CUT, IT WOULD TAKE KDD AT LEAST TWO YEARS TO CONSTRUCT ALTERNATE SYSTEM. IN INTERIM, KDD WOULD BE ABLE TO MEET ONLY 24 PERCENT OF ITS NEEDS BY UTILIZING FIVE POOR QUALITY HIGH FREQUENCY VOICE GRADE RADIO CIRCUITS TO TAIWAN, VIA MANILA AND HONG KONG; ASSUMING OTHER NATIONS ALSO WILL BE USING SAME ROUTE TO TAIWAN, FAR LESS THAN 24 PERCENT OF JAPAN'S TELECOMMUNICATIONS NEEDS TO TAIWAN WILL BE MET. MPT HAS BEGUN PRELIMINARY PLANNING ON CONSTRUCTION OF ALTERNATE SYSTEMS TO TAIWAN, SHOULD TAIWAN BE DENIED ACCESS TO INTEL-SAT. ONE SYSTEM CALLS FOR CONSTRUCTION OF SUBMARINE CABLE WITH 480 CHANNELS BETWEEN OKINAWA AND TAIWAN OVER THREE OR FOUR YEAR PERIOD. SECOND SYSTEM WOULD UTILIZE OVER-THE-HORIZON RADIO LINK WITH 144 CHANNELS, ALSO FROM OKINAWA, WHICH WOULD REQUIRE TWO YEARS CONSTRUCTION TIME; BUT THIS SYSTEM IS NOT POSSIBLE AT PRESENT TIME UNLESS U.S. MILITARY AGREES TO RENEGOTIATION OF FREQUENCY ALLOCATIONS IT IS USING IN OKINAWA.

4. MPT BELIEVES THAT PRC WILL DEMAND THAT TAIWAN BE DENIED INTEL-SAT ACCESS, AND THAT SUCH A MOVE WOULD LIKELY SUCCEED AT NAIROBI CONFERENCE. THEREFORE, MPT WANTS JAPAN TO TAKE INITIATIVE IN RESPONDING TO ANY MOTION TO DENY ACCESS TO TAIWAN, SHOULD ONE ARISE. MPT THINKS JAPAN SHOULD PROPOSE, IN EVENT DENIAL RESOLUTION IS INTRODUCED THAT TAIWAN BE ALLOWED TO MAINTAIN ACCESS TO INTEL-SAT THROUGH A TRANSITIONAL PERIOD ENDING DECEMBER 31, 1978. THIS WOULD ALLOW KDD TIME TO RUSH CONSTRUCTION OF ALTERNATE SYSTEM TO TAIWAN. HIDAKA REPORTS CONFIDENTIAL

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MINFONAFF HAS REJECTED MPT'S PROPOSAL ON THE GROUNDS THAT SUCH A JAPANESE INITIATIVE WOULD OFFEND THE CHINESE.

5. HIDAKA IS ANXIOUS THAT U.S. BE AWARE OF MPT'S ATTITUDE AND THE SIGNIFICANCE TO IT OF THE ACCESS ISSUE. AS NOTED IN REFTEL C, OBATA OF MFA ALSO INVITES DISCUSSION OF HOW JAPAN MIGHT SUPPORT A U.S. INITIATIVE. EMBASSY WOULD APPRECIATE DEPARTMENT'S THINKING ON HOW ITS PLANS TO APPROACH ISSUE OF ACCESS AT NAIROBI CONFERENCE AND

INDICATION OF WHAT WE SHOULD BE TELLING GOJ AT THIS STAGE.
SHOESMITH

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